

THE MEDIATING ROLE OF ISLAMIC SERVICE QUALITY BETWEEN PRODUCT ATTRIBUTES AND CUSTOMER LOYALTY: EVIDENCE FROM A HALAL-BASED SME IN INDONESIA

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ABSTRACT

This study examines the mediating role of Islamic service quality between product attributes and customer loyalty in a halal-based SME context, using *Riana Parfum* in Cirebon, Indonesia, as a case study. The research was motivated by the growing competition in halal markets and the lack of empirical studies exploring how Islamic ethical values enhance customer loyalty beyond product quality alone. The study applied a quantitative approach with a survey method involving 250 respondents drawn from a population of 715 customers using the Isaac sampling method (Hair et al., 2023). Data were collected using a structured questionnaire with 19 validated indicators measured on a five-point Likert scale and analyzed using Structural Equation Modeling (SEM) via SmartPLS 3. The findings reveal that product attributes significantly influence Islamic service quality and customer loyalty, while Islamic service quality also mediates the relationship between product attributes and customer loyalty. This indicates that ethical, Shariah-compliant service transforms tangible product excellence into emotional loyalty. The study contributes to Islamic marketing theory by confirming Islamic service quality as a strategic mediating construct, emphasizing its dual role in upholding ethical business conduct and enhancing consumer trust. Future research may explore moderating variables such as religiosity or digital engagement to deepen understanding of halal consumer behavior.

Key words: product attributes; islamic service quality; customer loyalty; Halal-Based SME.

INTRODUCTION

Customer loyalty is a critical determinant of business sustainability, particularly for halal-based small and medium enterprises (SMEs) operating in highly competitive retail markets. In Indonesia, the rapid growth of the halal lifestyle movement reflects increasing consumer demand for products and services that align with Islamic values (Jannah & Al-Banna, 2021; Sholeh et al., 2024). However, many halal-based SMEs continue to face challenges in maintaining customer loyalty despite offering religiously compliant and high-quality products (Mulahela & Hardini, 2023; Syarifuddin et al., 2022). This issue is particularly evident in the Riana Parfum Store in Cirebon City, where competition, imitation products, and inconsistent service delivery weaken customer retention.

Prior research has identified product attributes—including fragrance longevity, packaging appeal, and price fairness—as crucial factors influencing purchasing decisions in halal markets (Khanfani et al., 2023; Pratama et al., 2023). Nevertheless, studies have produced inconsistent results regarding their direct impact on customer loyalty (Lestari & Budiman, 2025; Syawaluddin & Gobel, 2021). Some scholars argue that Islamic service quality plays a mediating role, emphasizing values such as sincerity (*ikhlas*), justice (*adl*), and ethical compliance in service interactions (Ahmed et al., 2022; Iqbal et al., 2023). Nonetheless, the mediating function of Islamic service quality remains underexplored in the context of non-food halal industries, especially the perfume sector.

Existing studies largely focus on halal food, cosmetics, or Islamic banking (Eid & El-Gohary, 2015; Fida et al., 2020; Soewito et al., 2023), overlooking the perfume industry, which holds both symbolic and spiritual significance for Muslim consumers (Kartika et al., 2023; Respati et al., 2024; Sokhiful Jannah & Indra, 2024). Moreover, prior models have typically examined Islamic service quality as an independent or moderating variable rather than a mediating mechanism that translates product excellence into behavioral loyalty (Ashari et al., 2025; Suhud et al., 2023). This theoretical gap limits understanding of how halal product attributes foster emotional connection and long-term loyalty through value-driven service experiences.

Furthermore, recent literature emphasizes that halal branding, trust, and perceived service excellence significantly influence consumer retention (Abu et al., 2019; Rico et al., 2019; Taufik et al., 2022). However, few studies integrate these concepts in the SME perfume sector, where Islamic values, product differentiation, and experiential quality intertwine (Dewi et al., 2025; Noor, 2025). This study addresses this gap by developing a model that explores the mediating role of Islamic service quality between product attributes and customer loyalty in a halal-based SME setting. The novelty lies in examining Islamic service quality as a transformative mechanism within the context of Riana Parfum Store in Cirebon City, Indonesia—a setting where halal identity and experiential differentiation are critical for competitive advantage. Thus, the purpose of this study is to analyze how Islamic service quality mediates the relationship between product attributes and customer loyalty within a halal-based SME framework.

METHOD

This study applied a quantitative research design with a survey method to examine the mediating role of Islamic service quality between product attributes and customer loyalty among customers of Riana Parfum in Cirebon, Indonesia. The population consisted of 715 customers, with a sample of 250 respondents determined using the Isaac sampling method (Hair et al., 2023). Data were collected through a structured questionnaire using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree), totaling 19 validated indicators. Respondents were selected purposively based on prior purchase experience at Riana Parfum.

The construct of Product Attributes (X1) included six indicators adapted from Dewi et al. (2025), Sholeh et al. (2024), and Syawaluddin & Gobel (2021). Islamic Service Quality (Z) consisted of seven indicators from Ahmed et al. (2022), Ashari et al. (2025), and Noor (2025). Customer Loyalty (Y) comprised six indicators from Abu et al. (2019), Fida et al. (2020), and Mulahela & Hardini (2023). The measurement model's reliability and validity were examined through Composite Reliability (CR) and Average Variance Extracted (AVE), while data analysis employed the Structural Equation Modeling (SEM) approach using SmartPLS 3.

RESULTS AND DISCUSSION

The measurement model results indicate that all 19 indicators achieved factor loadings above 0.70 (Table 1), confirming strong convergent validity (Hair et al., 2023).

Table 1. Factor Loadings

Indicators	Loading Factors	Validity
PA1	0,790	Valid
PA2	0,776	Valid
PA3	0,753	Valid
PA4	0,825	Valid
PA5	0,765	Valid
PA6	0,830	Valid
ISQ1	0,815	Valid
ISQ2	0,735	Valid
ISQ3	0,795	Valid
ISQ4	0,775	Valid
ISQ5	0,705	Valid
ISQ6	0,782	Valid
ISQ7	0,765	Valid
CL1	0,803	Valid
CL2	0,816	Valid
CL3	0,812	Valid
CL4	0,792	Valid
CL5	0,794	Valid
CL6	0,759	Valid

(Source: SmartPLS, 2025)

Composite Reliability (CR) values for all constructs exceeded 0.90, and Average Variance Extracted (AVE) values were above the 0.50 threshold (Table 2), demonstrating internal consistency and convergent validity.

Table 2. Construct Reliability and Validity

Variable	Composite reliability (rho c)	Average variance extracted (AVE)
Customer Loyalty	0,912	0,634
Islamic Service Quality	0,910	0,590
Product Attributes	0,909	0,625

(Source: SmartPLS, 2025)

The structural model analysis (Table 3) reveals that Product Attributes explain 18.8% of the variance in Islamic Service Quality ($R^2 = 0.188$) and, together with Islamic Service Quality, account for 30.9% of the variance in Customer Loyalty ($R^2 = 0.309$).

Table 3. R-Square Result

Variable	R Square	R Square Adjusted
Customer Loyalty	0,309	0,303
Islamic Service Quality	0,188	0,185

(Source: SmartPLS, 2025)

The path coefficients (Table 4) show that Product Attributes significantly affect Islamic Service Quality ($\beta = 0.434$; $p < 0.001^{**}$), and both Product Attributes ($\beta = 0.142$; $p = 0.025^*$) and Islamic Service Quality ($\beta = 0.479$; $p < 0.001^{**}$) significantly influence Customer Loyalty. Furthermore, Islamic Service Quality mediates the relationship between Product Attributes and Customer Loyalty ($\beta = 0.208$; $p < 0.001^{**}$), indicating a partial mediation effect.

Table 4. Path and Mediation Results

Variable	Original sample	T statistics	P Values	Results
Islamic Service Quality -> Customer Loyalty	0,479	8,486	0,000	H1 Supported
Product Attributes -> Customer Loyalty	0,142	2,252	0,025	H2 Supported
Product Attributes -> Islamic Service Quality	0,434	8,751	0,000	H3 Supported
Product Attributes -> Islamic Service Quality -> Customer Loyalty	0,208	6,062	0,000	H4 Supported

(Source: SmartPLS, 2025)

Figure 1 displays the structural relationships among the three constructs, confirming the significant direct and indirect effects derived from the SmartPLS bootstrapping results.

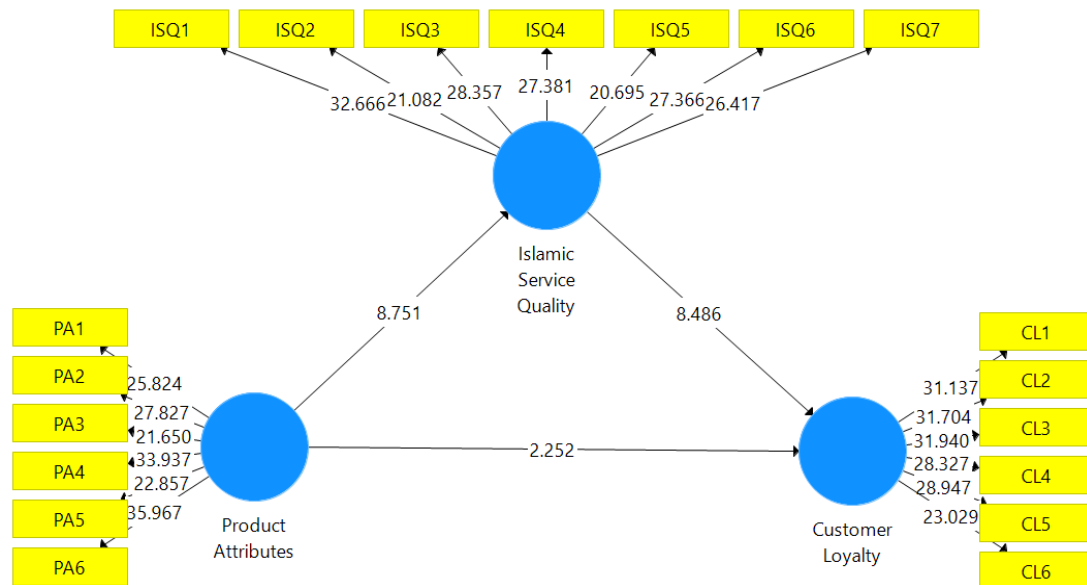


Figure 1. Bootstrapping Analysis Output

The findings highlight that superior product attributes—such as halal assurance, fragrance durability, and price fairness—have a direct and positive impact on Islamic service quality, which in turn significantly enhances customer loyalty. The strong path coefficients indicate that customers value not only tangible product characteristics but also ethical and Shariah-compliant service delivery. These results align with Ahmed et al. (2022), and Ashari et al. (2025), who found that Islamic service ethics foster trust and satisfaction among Muslim consumers.

The mediating role of Islamic service quality confirms its strategic importance as a bridge between tangible product excellence and emotional loyalty. This supports Fida et al. (2020), and Noor (2025), who emphasized that Islamic ethical behavior in service transforms customer satisfaction into sustainable loyalty. In the context of halal-based SMEs such as Riana Parfum, these results imply that integrating halal product design with ethical service standards can strengthen customer retention and competitive differentiation.

This study enhances the comprehension of Islamic marketing by illustrating that product attributes and service ethics function synergistically to bolster customer loyalty. It provides new empirical evidence from the halal perfume sector, reinforcing that Islamic service quality is not merely a moral obligation but also a key driver of long-term business sustainability.

CONCLUSION

This study concludes that the integration of strong product attributes and Islamic service quality plays a decisive role in fostering customer loyalty within halal-based SMEs, as evidenced by Riana Parfum in Cirebon, Indonesia. Addressing the current phenomenon of increasing competition in the halal industry, the findings reveal that customer loyalty is no longer driven solely by product quality or halal certification but by the ethical and Shariah-compliant service that accompanies it. The study fills the research gap by empirically confirming the mediating function of Islamic service quality—previously discussed theoretically but rarely tested within the context of halal perfume products. The novelty of this study lies in demonstrating that Islamic service quality transforms tangible product excellence into relational and emotional loyalty, emphasizing that spiritual and ethical values can serve as sustainable business strategies. These insights enrich Islamic marketing theory and provide practical guidance for SME managers to align product innovation with ethical service delivery. Future

research may extend this model to other halal sectors or examine moderating factors such as religiosity, brand trust, or digital engagement to broaden the understanding of consumer behavior in Islamic markets.

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